

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: August 20, 2007
POSITION: Oppose

BILL NUMBER: SB 21
AUTHOR: T. Torlakson

BILL SUMMARY: CTE: Regional Education and Economic Integration

This bill would establish the Regional Education and Economic Integration Initiative (REEII), which would be administered by the California Workforce Investment Board (CWIB), for the purpose of awarding competitive grants to county offices of education, local workforce investment boards and nonprofit organizations to create regional career technical education (CTE) collaboratives, staff development programs, and increase collaborative communication with a wide variety of stakeholders including businesses, community colleges, higher education entities, K-12 schools, Regional Occupational Centers and Programs (ROC/PS) and community and parent organizations. Additionally, the bill would establish an evaluation and assessment component to help ensure accountability for grant expenditures under this program.

FISCAL SUMMARY

This bill could create Proposition 98 General Fund cost pressures of hundreds of thousands to low millions of dollars to support the projects called for in this bill. Additionally, by making funds available from the Governor's CTE Initiative to support the projects called for in this bill, already planned initiative investments for 2007-08 could be displaced to accommodate these projects. It is also noted that Proposition 98 funds cannot be awarded or used to support a non-profit agency under any circumstances, due to constitutional restrictions. Thus, in the absence Proposition 98 General Fund support, costs to award a grant to a non-profit would be a true General Fund cost.

Additionally, there will likely be administrative costs of at least \$170,000 for the CWIB to organize, implement, and administer the new grant process, as well as provide specified labor market information to each regional collaborative and contract for an independent evaluation of the program. Finally, unknown costs could be incurred by EDD to supply the demographic and labor market information called for in the bill. To the extent this data is already available, costs would be minor. However, to the extent this requires EDD to engage in additional data collection activities, these costs could be significant.

SUMMARY OF CHANGES

The August 20th version of the bill makes a number of significant changes, however, these changes do not alter our previous position. Most notably, the August 20th version would:

- Make the CWIB (rather than the Superintendent of Public Instruction) responsible for the overall administration of the REEII, including participation in the development of accountability measures for the program, development of a competitive grant processes, and ensuring that demographic and labor market information provided by the Employment Development Department (EDD) is provided to each regional collaborative.
- Add local workforce investments boards as an eligible partner in local regional collaboratives.
- Allow REEII grants to be funded from the Governor's CTE Initiative.
- Add additional grant application criteria to specify that each collaborative develop an inventory of programs created, utilize demographic and labor market data provided by EDD as part of their

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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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program development, identify and target high-wage industries, and identify specific roles for each collaborative participant.

COMMENTS

The Department of Finance is opposed to this bill for the following reasons:

- This bill could displace already planned CTE initiative investments for 2007-08, or create Proposition 98 General Fund cost pressures of hundreds of thousands to low millions of dollars to support the projects called for in this bill. Additionally, it would impose General Fund costs of at least \$170,000 or more for CWIB to organize, implement, and evaluate the new grant process. Of this amount, \$70,000 would be ongoing. None of these costs are supported in the proposed 2007-08 budget or the Governor's current Career Technical Education (CTE) Initiative. Given the state's recent efforts to align expenditures with revenues, costly new programs are not advisable.
- This bill substantially duplicates, and may even conflict with, the Governor's CTE initiative which already proposes significant investments to improve CTE opportunities for students that align with the state's economic development and industry needs. This program would appear to establish a regional structure involving many stakeholders to potentially guide the state's investments in CTE programs. This differs with the methods used in the current Governor's CTE initiative which utilizes a joint departmental approach between the Chancellor's Office and the State Department of Education to offer a variety of grant programs for cooperating local education agencies that share this bill's goals to increase collaboration of local stakeholders with respect to improving CTE programs.

ANALYSIS

A. Programmatic Analysis

Under the Governor's CTE initiative, also referred to as the SB 70 initiative, a framework has been created for the purpose of expanding opportunities for middle and high school students to receive quality vocational and career technical education, by better linking these programs to the industry-driven programs at community colleges.

This bill expresses the intent of the Legislature concerning career and college pathways and their importance in engaging students and allowing for their success in the business world as adults. The bill also expresses the Legislature's intent to direct additional resources to nonprofit organizations and county offices of education for the purpose of developing regional partnerships which would engage local businesses, community interests, parents, and local institutions of postsecondary education in the expansion of CTE.

Specifically, this bill:

- Establishes the REEII, which would be administered by the CWIB, for the purpose of awarding up to 20 grants of \$200,000 each in 2008-09 to county offices, local workforce investments boards, and/or nonprofit organizations for the purpose of establishing regional collaboratives. In 2009-10 and 2010-11, the bill would allow CWIB to award an unspecified number of grants of \$100,000 to the same entities, provided that those entities supply a \$100,000 match from local funding sources. It would also establish an evaluation and assessment component to help ensure accountability for grant expenditures under this program.
- Requires the CWIB to participate in the development of accountability measures for the program, develop of a competitive grant process, and ensure that demographic and labor market information

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generated by the Employment Development Department (EDD) is provided to each regional collaborative.

- Defines regional collaborative as a system created to design and deliver career and college pathway programs, which may include collaborative efforts among educators, employers, local government entities, community organizations and the public.
- Specifies that grant funds may be drawn from current and future funding devoted to the Governor's CTE Initiative and would prohibit the CWIB from using General Fund to support grants awarded to nonprofit organizations participating in this program.

This bill also requires that when submitting a grant application to the CWIB, a detailed plan for the use of the grant must be incorporated. The plan needs to include a highly competent regional collaborative which would be responsible for the development of a local or regional strategy to expand and enhance career and college pathways.

The regional collaborative would need to:

- Coordinate education, business, and labor to establish increased communication between middle and high schools, community colleges, postsecondary institutions and regional employers and labor organizations.
- Work with teachers, counseling staff, business, industry, labor representatives, and parents for the purpose of understanding issues specific to pupils, the regional economy, and the educational institutions.
- Create and implement a multi-year regional plan for career and college preparation for all pupils.
- Create teacher and staff development plans, aligning instructional and economic objectives for the specific region.
- Create a regional inventory of programs and resources currently in place that support CTE education.
- Utilize demographic and labor market data generated by EDD in developing local programs.
- Identify and target high-wage industry sectors and occupations that provide the potential for employment and regional economic self-sufficiency.
- Contain one representative from each of at least 16 different specified categories of education and business entities.
- Identify specific roles and responsibilities for each of the regional collaborative members.

The local program evaluation would need to:

- Create a process where the recipients of the grant may be held accountable for the use of the grant.
- Include a comprehensive assessment and evaluation mechanism that has a broad range of indicators related to school and pupil success.
- Evaluate the success of grant recipients through performance measurements, including but not limited to, rates of postsecondary enrollment in educational institutions, job training, and apprenticeships with regards to dropout rates, rates of appropriate work experience placement, as well as parent and employer satisfaction.

Additionally, the CWIB would be required to contract with an independent party to conduct an evaluation of the REEII. After the evaluation is completed the CWIB, in coordination with the Superintendent of Public Instruction would then need to submit a report to the Legislature regarding the effectiveness of the initiative in expanding the availability of CTE and postsecondary education options for high school pupils and its coordination efforts amongst local entities involved in CTE.

The intent of this bill is to expand CTE and to help increase regional partnerships with the goal of opening new pathway options for students while achieving greater levels of pupil achievement and ultimately to

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career success. However, this is duplicative of efforts already underway within the Governor's CTE initiative. The initiative makes substantial investments in the creation of pathways that would provide options to help students transition into meaningful careers or higher education. Specifically, the Career Pathways and Articulation program would engage CTE faculty from all segments of education for the purpose of developing articulated career pathways. These programs would in turn be linked to specific businesses and industry job sectors, thus ensuring that students are prepared for specific careers in traditional and emerging fields, as well as prepared to engage in higher levels of postsecondary education.

This bill appears to have been inspired by the Legislative Analyst's observations that a regional approach is necessary to improve career technical education programs. This bill would appear to establish a series of regional coordinating bodies to establish that approach in order to guide expenditures to improve CTE opportunities for K-12 students.

B. Fiscal Analysis

This bill would require the CWIB to award up to 20 grants of \$200,000 each in 2008-09 to county offices, local workforce investments boards, and/or nonprofit organizations. In 2009-10 and 2010-11, the bill would allow CWIB to award an unspecified number of grants of \$100,000 to the same entities, provided that those entities supply a \$100,000 match from local funding sources. The bill specifies that county offices must be a fiscal agent for these grants, and that funding appropriated for the Governor's CTE Initiative may be used as the source for these grants. Thus, this bill could displace already planned initiative investments for 2007-08, or create Proposition 98 General Fund cost pressures of hundreds of thousands to low millions of dollars to support the projects called for in this bill. It is also noted that Proposition 98 funds cannot be awarded or used to support a non-profit agency under any circumstances, due to constitutional restrictions. Thus, in the absence Proposition 98 General Fund support, costs to award a grant to a non-profit would be a true General Fund cost.

Additionally, there will likely be administrative costs for the CWIB to organize, implement, and administer the new grant process and provide specified labor market information to each regional collaborative, resulting in the need for at least one additional position (Associate Governmental Program Analyst level) and at least \$70,000 in annual General Fund to support that position. Furthermore, CWIB would incur other General Fund costs of \$100,000 to \$500,000 to contract with a third party to perform an evaluation of this program. Finally, unknown costs could be incurred by EDD to supply the demographic and labor market information called for in the bill. To the extent this data is already available, costs would be minor. However, to the extent this requires EDD to engage in additional data collection activities, these costs could be significant.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	
6110/Dept of Educ	LA	Yes	-----	See Fiscal Summary	-----	-----	-----	-----	0001
6870/Comm College	LA	Yes	-----	See Fiscal Summary	-----	-----	-----	-----	0001
7100/EDD	SO	No	-----	See Fiscal Summary	-----	-----	-----	-----	0001
7120/Workforce In	SO	No	-----	See Fiscal Summary	-----	-----	-----	-----	0001